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# California State Senate

SENATOR  
**DARRELL STEINBERG**  
PRESIDENT PRO TEMPORE  
SIXTH SENATE DISTRICT

STANDING COMMITTEES:  
SENATE RULES  
CHAIR  
APPROPRIATIONS  
PUBLIC SAFETY



August 15, 2012

Honorable Ricardo Lara  
Joint Legislative Audit Committee  
1020 N Street, Room 107  
Sacramento, CA 95814

## **RE: Request for Outcome and Performance Review of Mental Health Services Act**

Dear Chair Lara:

Eight years after voters approved Proposition 63, of 2004, the Mental Health Services Act (MHSA) has provided about \$1 billion annually for community-based mental health services, including prevention and early intervention services, housing, workforce development, and treatment services, primarily through the Full Service Partnerships. Attached is a recent snap-shot of some key outcomes from the Act but it is not fully inclusive.

Various outcome analyses and evaluations have been conducted since inception of the MHSA, including several conducted through the independent Mental Health Services Oversight and Accountability Commission (MHS OAC) and some by individual counties, including Los Angeles County. Further, other analyses are pending release by the MHS OAC this fall, including an analysis of the Full Service Partnerships. In addition, my recently enacted legislation also requires the involvement of the California Health and Human Services (CHHS) Agency in overseeing a comprehensive evaluation plan.

In order to maintain the integrity of the MHSA as intended by voters, the State needs to oversee revenues and allocations made to counties, and to ensure these funds are expended for the purposes of the MHSA. An added dimension to this effort is to have the active engagement of the Bureau of State Audits, California State Auditor's Office.

As a result, I am asking the Joint Legislative Audit Committee to authorize an outcome and performance review which should address, at a minimum, the following aspects covering the most recent 6-year period.

1. Assessment of County Implementation of MHSA. The MSHA requires counties to develop a Three-Year Plan and Annual updates. Local accountability at all levels, including the provision of culturally appropriate services and the engagement of diverse stakeholders, is imperative to successful implementation. An analysis of implementation at the local level of selected counties to link the plans with programs and services provided to participants, and to more comprehensively discern outcomes resulting from implementation, is a key to success.

To this end, it is suggested to review at least four counties, including Los Angeles County, and three other counties from regions of the State, such as the Inland Empire, Central Valley and Bay Area. These performance and outcome reviews should particularly focus on the MHSA components which include the Innovative Projects, Prevention and Early Intervention Programs, and Community Services and Supports-- primarily the Full Service Partnerships. Key questions include:

- What key outcomes have occurred, such as reductions in homelessness and psychiatric hospitalizations, for each MHSA component?
  - How are outcomes established and measured? Are they reasonable and meaningful?
  - How is data to measure outcomes obtained and analyzed for these areas?
  - How are outcomes being used to improve local systems of care?
  - Who is being served through which services and supports provided by each MHSA component (Innovative Projects, Prevention and Early Intervention and Community Services and Supports)?
  - How are traditionally underserved and diverse communities being addressed and what outcomes have been achieved?
  - Do the county plans reflect the content of the implemented program and services and their related expenditures? How do these county plans compare to the actual delivery of services and related expenditures?
  - Do the plans reflect a robust and diverse stakeholder process, including underserved and diverse communities?
2. Fiscal reconciliation of revenues and allocations to counties. The MHSA is explicit that funds be expended for Innovative Projects for underserved communities,



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Prevention and Early Intervention services, and Community Services and Supports at the local level to offer a continuum of services to mitigate the potential on-set of mental illness, as well as to provide treatment services. For these three key areas:

- Is the overall allocation of MHSA revenues to counties consistent with the Act, and are counties expending funds as intended by the Act?
  - Is the State's methodology of revenue allocation to individual counties a valid and reasonable approach or are there other means recommended?
  - Can existing protocols for State oversight at all levels (i.e., MHS OAC, Department of Health Care Services, Department of Finance, State Controller, and CHHS Agency) be improved?
3. Reporting of Data by Individual Counties in the Aggregate. An analysis of how efficiently and comprehensively key data can be obtained from counties and how to more comprehensively utilize this data in the aggregate at the State level for outcome analysis is also needed. The knowledge and audit expertise of the Bureau would greatly assist in this effort.

The MHSA is a cornerstone of the public mental health system in California. It is imperative to ensure funds are used effectively to benefit the people of California to mitigate the on-set of mental illness and to provide needed mental health assistance to people in a culturally competent and appropriate manner.

Thank you for consideration of this request. Should you have any questions or would like additional information, please contact me or my health consultant Diane Van Maren.

Sincerely,



DARRELL STEINBERG



WELLNESS • RECOVERY • RESILIENCE

August 2012

## What's a "Full Service Partnership"?

Approximately 30,000 clients are being served this year (2011-12) through Full Service Partnerships, with the number of unduplicated slots growing six-fold since 2006-07. The average duration of a client receiving FSP services is two years.

- 2006-07 – 5,000 slots
- 2007-08 - 15,000 slots
- 2008-09 - 20,000 slots
- 2009-10 - 25,000 slots
- 2010-11 - 27,000 slots
- 2011-12 - 30,000 slots

"Full Service Partnerships" provide the most intensive level of services among the variety of Prop. 63 funded programs. These "partnerships" between a service provider and an individual or family are called "full service" because they are targeted to people needing a range of services and supports in order to recover from mental illness. This can include getting a safe place to live, a job, help in school, physical health care, clothing, food, or treatment when a mental illness and a substance use disorder are combined (co-occurring disorder). This "whatever it takes" approach to help people on their path to recovery and wellness is provided by a team 24 hours a day, 7 days a week.

Individuals of all ages are participating in Full Service Partnership programs in California. As the law states, the goal of Prop. 63-funded services is to reduce the negative outcomes resulting from untreated mental illness, including suicide, incarceration, school failure or dropout, unemployment, prolonged suffering, homelessness, and removal of children from their family homes.

## Prop. 63 Saving Taxpayers Millions

Studies by the University of California – Los Angeles (UCLA)<sup>1,2</sup> found:

- An average of 62% of the cost of providing a Prop. 63 funded Full Service Partnership is offset in savings in public money through reduced incarceration, reduced psychiatric hospitalization, reduced hospitalization for physical health, and reduced acute nursing needs. In two years, the public saved \$85 million by investing in proper care. (UCLA, July 2012) Prop. 63 services are reducing homelessness, acute psychiatric hospitalizations, arrests and incarcerations. (UCLA, May 2011)

A study of Prop. 63 Full Service Partnerships conducted by the University of California – Berkeley Petris Center<sup>3</sup> found:

<sup>1</sup> Mental Health Service Act Community Services and Supports (CSS) EVALUATION BRIEF Summary and Synthesis of Findings on CSS Consumer Outcomes, UCLA Center for Healthier Children, Youth and Families (May 2011)

<sup>2</sup> Full Service Partnerships: California's Investment to Support Children and Transition-Age Youth with Serious Emotional Disturbance and Adults and Older Adults with Severe Mental Illness, UCLA Center for Healthier Children, Youth and Families (July 2012)

<sup>3</sup> Evidence on the Effectiveness of Full Service Partnership Programs in California's Public Mental Health System, Nicholas C. Petris Center on Health Care Markets and Consumer Welfare, School of Public Health, University of California, Berkeley (May 2010)



- The proportion of consumers living independently after 12 months increased by approximately 20% and consumers were able to maintain self-sufficiency beyond a year in the program.
- After 12 months, the odds of using mental health-related emergency services were 67% lower for clients in a Prop. 63 Full Service Partnership compared to those receiving usual care.
- The probability of being arrested dropped by 56% compared to those receiving usual care.
- Employment outcomes improved by 25% after 12 months.
- General wellness, including the reduction of psychiatric symptoms, the ability to take care of one's needs, and being better able to deal with problems, increased by 27% compared to those receiving usual care.

Los Angeles County, which comprises about one-third of the state, has achieved these outcomes for clients receiving Prop. 63 services:

- 69% fewer days spent homeless
- 21% fewer days in acute psychiatric hospitalization
- 90% fewer days in other types of hospitals
- 46% fewer days incarcerated

## Housing Assistance for the Homeless Mentally Ill

As part of Community Services and Supports, \$400 million of MHSA funds were set-aside for counties to use to develop permanent supportive housing for the homeless mentally ill and their families. The funds are used for capital and operating subsidy support, as clients pay a subsidized rent (typically 30 percent of SSI). Since May 2009 to date, the money has funded 1,919 units:

- 1,374 units are complete (\$141.3 million)
- 545 units are in the pipeline for completion (\$68.6 million)
- \$100 million is being used (completed projects) or reserved (projects in pipeline) for operating subsidy support
- \$92 million in MHSA funds remain for upcoming housing

However, MHSA funds are also leveraging much more housing for the homeless mentally ill. For example, LA County reports 791 housing units funded with the MHSA dedicated housing funds, but FSP funds are used to leverage federal housing grants to provide another 1,134 units for MHSA clients. In Sacramento County, MHSA dedicated housing funds have created 123 units; the county has another 497 units of housing for the homeless mentally ill through leveraging MHSA monies with other funds.

## A real world example of how Prop. 63 funds are used with other funds to meet a client's needs

*An adult, homeless female goes to a Sacramento hospital emergency room because she is struggling with symptoms of her mental illness. A licensed clinical social worker assesses her, and a licensed clinical social worker determines that, as a result of her mental illness, she's been having suicidal thoughts and feeling hopeless about her life. She is transported to the county's Mental Health Treatment Center for further evaluation and treatment. The Treatment Center's team learns that she has a long history of being homeless, is indigent, and could benefit from intensive services and supports.*

### Funding sources:

- Hospital funding sources
- 1991 Realignment
- County General Funds
- Medi-Cal

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*The Treatment Center sends a referral packet to the county's Access Unit, requesting to refer the client to the Transitional Living and Community Support program at New Direction, as well as to the Sacramento Multiple Resource Team to apply for Social Security benefits. The Access Team determines the client meets medical necessity criteria for available programs, and arranges for New Direction to begin serving her.*

- Prop. 63
- 1991 Realignment
- Medi-Cal

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*New Direction staff review the clinical packet they receive from the Treatment Center. New Direction works with the client and the Treatment Center to develop a discharge plan for her. After discussing available options, the client decides she'd like to get off the streets and be housed, as well as start getting help with her mental illness.*

- Prop. 63

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*New Direction drives the client to Palmer Apartments where she can live safely on an interim basis. New Direction helps the client apply for General Assistance, follows up on the referral to SMART for Social Security, confirms that she meets eligibility for services, and offers an array of specialty mental health services to her.*

- Prop. 63
- Federal PATH
- Medi-Cal and/or Medicare
- Social Security
- Federal HUD
- Redevelopment Agency
- County Dept. of Human Assistance

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*Staff at New Direction and Palmer Apartments review local available housing resources and talk with the client about her needs and preferences. The client moves from Palmer Apartments, to an apartment at Boulevard Court, which will provide permanent supportive housing for her, as well as provide ongoing mental health services to her.*

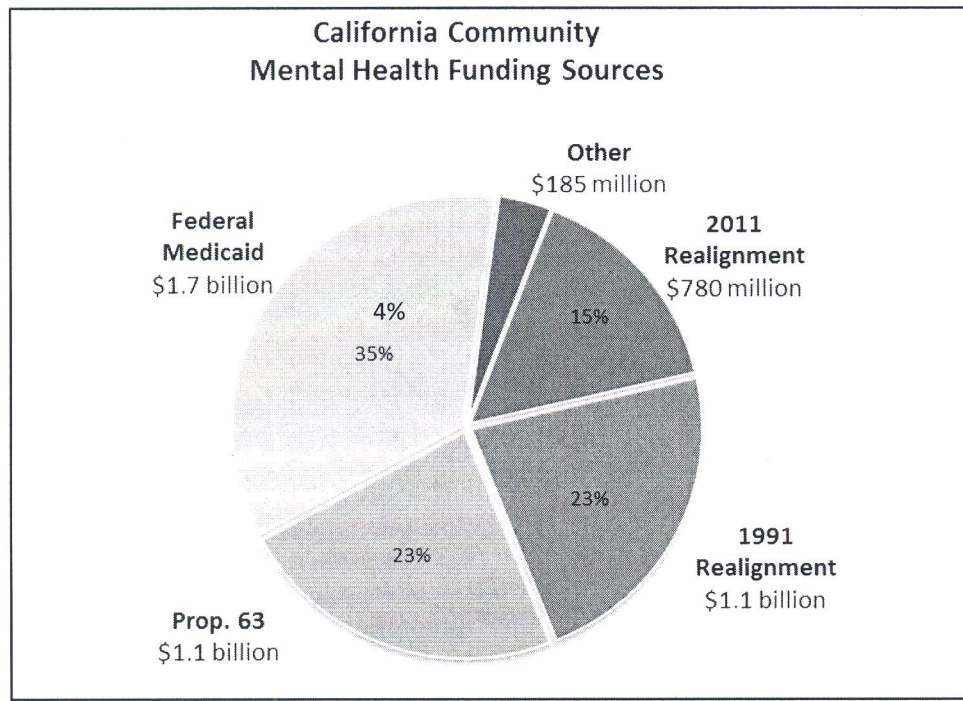
- Prop. 63
- Medi-Cal and/or Medicare
- Mercy Housing California

## **Prop. 63 Funds Complement and Leverage Other Funds**

The state budget crisis of the past few years took away a significant amount of state funding for mental health services. Now more than ever, Prop. 63 funds are used to provide an array of services to Californians with serious mental illness

As illustrated in the pie chart below, the largest funding source (over one-third) for California's community mental health services is federal Medicaid reimbursement. Sales tax and Vehicle License Fee revenues account for the majority of additional funds, and are provided under the state's 1991 and 2011 Realignment policy initiatives. Some counties also provide local funds, and a small amount of federal grant funds are available. Prop. 63 provides slightly less than one-quarter of the funding supporting California's community mental health system. As required in the Prop. 63 law, the funds must be used to expand – not replace – mental health services and other funding sources. Additionally, the Prop. 63 law requires the funds to be used in a way that maximizes federal Medicaid matching dollars.





*Note: These are estimated amounts for fiscal year 2012-13. Actual amounts depend largely on economic performance of state sales tax, Vehicle License Fees, and personal income tax revenues.*

## Prop. 63 Prevention & Early Intervention

Investment in Prevention and Early Intervention programs allows lower costs and better outcomes to treat early stages of mental illness so that more people don't have to reach a crisis point before they get help. First break—an individual's initial episode of severe mental illness—usually occurs in the late teens or early twenties. Intervention at the first sign of symptoms offers the best opportunity to make a significant, positive difference in both immediate and long-term outcomes.

Of the 1,500 MHSA programs statewide there are currently **421 Prevention and Early Intervention (PEI)** programs throughout the state. These programs are especially critical to meeting local needs in ethnically and culturally diverse communities where there is increased stigma associated with mental illness. **Los Angeles County, for example, has established ten different Prevention and Early Intervention programs. In those programs in fiscal year 2011-12, approximately 95,000 people were contacted through outreach efforts, with services provided to about 61,000 of those individuals.**

### *Trends in local Prop. 63 Prevention and Early Intervention Strategies:*<sup>4</sup>

- 100% of counties have a program for at-risk children, youth, and young adults
- 95% of counties have a program addressing school failures or dropouts
- 86% of counties have a program to address mental health, as well as substance abuse.
- 86% of counties have a program to address the stigma of mental illness, a frequent barrier to people seeking services
- 78% of counties have a program to address the impact of trauma, often a cause of mental illness
- 76% of counties have a program related to reducing incarcerations
- 76% of counties have a program related to reducing suicide
- 76% of counties have a program to increase access to mental health services
- 69% of counties have a program targeting individuals experiencing the onset of serious psychiatric illness

<sup>4</sup> Prevention and Early Intervention: Trends Report 2011, Mental Health Services Oversight and Accountability Commission

## **Prop. 63 Workforce, Education and Training**

One component of Prop. 63 is to build a stronger and more diverse mental health workforce. A ten-year investment of \$444.5 million in Prop. 63 funds was set aside for programs to recruit and train employees at all levels. About half (\$228 million) of these funds are for local and regional strategies, and the other half (\$216.5 million) for statewide approaches.

To attract new people to work in the mental health field, efforts are being made throughout California to recruit high school students into these careers, and offer loan repayment, scholarships, and stipends to people who want to pursue mental health careers.

Since fiscal year 2008-09, over 1,700 students have benefited from a new mental health loan assumption program, and over 1,100 graduate or nursing students have received stipends to help with the cost of their schooling (900 Master's in Social Work students, 81 Master's in Marriage & Family Therapy students, 128 Clinical Psychology PhD students, and 31 psychiatric nurse mental health practitioners).